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Monday, January 27, 1986

# Advertising Age

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## Insider view of D'Arcy's pre-merger infighting

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## Herb gives Burger King tasty boost —AdWatch

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## Telemarket primer for ad execs —in Basics

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## U.S. agency overseas shop buys breed fear

— International, Page 58

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# HIGHLIGHTS

### Thompson returns to barter 1

J. Walter Thompson USA, New York, is barter syndicating tv shows for the first time since 1982 when the Marie Luisi scandal forced it out of that business. The agency's return involves the syndication of a barter tv sports special, "Kemper Sports/1986 North American Pro Kick-Off," for Kemper Group, the Long Grove, Ill.-based insurer handled out of JWT's Chicago office.

### Nestle to stir up powdered drinks 2

Nestle Enterprises will enter the $796 million powdered drink-mix category with a new sugar-free tea and fruit juice mix in a bid to wrest market share from General Foods and Borden's Wyler's brand. Nestea Ice Teasers will be introduced nationally in April, backed by an $8 million introductory campaign from J. Walter Thompson USA, New York. The Ice Teasers line, which will be sweetened with NutraSweet, will include citrus, lemon, orange and tropical flavors and will be competitively priced with GF's Crystal Light.

### Cola giants trading punches 3

Coca-Cola USA and Pepsi-Cola USA are moving to the $6 billion citrus segment, as both companies step up new-product activity. Both are rolling national with orange-flavor, juice-content soft drinks—Minute Maid orange soda from Coca-Cola and mandarin-orange Slice from Pepsi. Additionally, Coca-Cola is adding a lemon/lime flavor to its Minute Maid entry. Also, Pepsi as expected announced that it will purchase loss-plagued Seven-Up Co. from Philip Morris Cos. (see related story on Page 1).

### DDB sets up international board 3

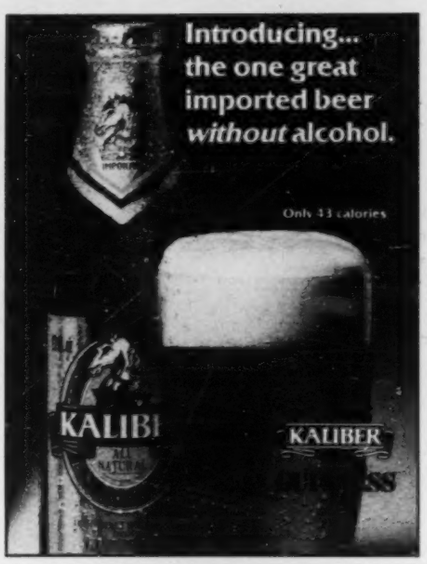
Doyle Dane Bernbach has created separate U.S. and international boards for the first time and has named exec vp Lloyd Highbloom to the newly created post of director of multinational account planning. The moves complete a multistage reorganization that represents Barry Loughrane's first major sustained attempt to rouse DDB from its sluggishness since he became chairman-ceo of the parent Doyle Dane Bernbach Group in mid-'84.

### Stumbling shops find each other 3

Hal Bay's resignation as president of D'Arcy Masius Benton & Bowles this month is only the latest in a string of events that has haunted D'Arcy MacManus Masius and B&B for more than a year. The second installment of a series provides an insider's view of two agencies on a losing streak and how they found each other in the largest agency merger in history.

### Nike pushes women's wear 6

Nike is bounding into women's apparel with an extensive line of sports and leisure wear as it continues to exploit niches that stretch beyond its running-shoe roots. The Beaverton, Ore.-based company's expansion into women's wear is inspired by the growing numbers of women exercising and playing sports. The upscale product line includes tennis dresses and tops, muscle tights, unitards, jacket-pants combos and running shorts, as well as leisure wear.




### BATF rules on 'alcohol-free' ads 35

The Bureau of Alcohol, Tobacco & Firearms in Washington has ruled if a beverage contains less than 0.5% alcohol, then it isn't beer. That ruling, which also bans the term "alcohol-free" on nonalcoholic beer brands, is forcing label changes and at least one company's ad plans.

## BASICS

### Telemarketing we will go 50

Basics, a monthly "how-to" section featuring topics related to the advertising and marketing businesses, kicks off with an overview of the telemarketing industry.

## INTERNATIONAL

### In-script tv ads in Brazil 58

It is common practice in Brazil for brand name products to pop up within a tv show's story line, but Brazil's largest undergarment marketer Valerin Industrias Textil has become the talk of Sao Paulo because an outdoor board advertising its Hope panties has become part of the story line in a popular prime time soap opera.

### Are midsize agencies doomed? 58

U.S. multinational ad agencies are gobbling up medium-size shops at such a fast pace around the world that industry experts question whether such agencies are headed for extinction.

### NBC wants Olympic insurance 60

NBC's request for a $100 million "insurance" bond from South Korea has delayed the contract signing for tv rights to the 1988 Summer Olympics. South Korean organizers were balking at the idea they should put up bond to protect NBC if ad revenues fail to meet expectations.

## OTHER NEWS

Three years ago, only a handful of advertisers and agencies sent a contingent to the National Assn. of Television Program Executives convention. This year, some estimated as many as 1,000 advertiser participants attended. Page 12.

The liquor industry was down nearly 2% in 1985, which was certainly a little bit better than anticipated. Much of this good showing, however, related to the retail inventory buildup in late summer in anticipation of the $2 per gallon increase in the excess tax effective Oct. 1. Page 35.

The word heard most often at this month's National Retail Merchants Assn. convention in New York was "change"—the changing consumer marketplace and the changing ways retailers must deal with it in order to succeed. Page 38.

The flatness and light weight of new liquid-crystal-display technology, proponents say, will give rise to compact hang-on-the-wall sets that consumers would substitute for traditional cathode-ray-tube models. LCD technology, now in its infancy, is expected to fuel a doubling of the market for hand-held tvs this year, to about 1.5 million units. Page 43.

Paul Kalmanovitz, the reclusive beer baron who bought Milwaukee-based Pabst last year and immediately fired both its national agencies, has taken out page ads in Milwaukee dailies defending himself and his disdain for advertising. The ad also announces plans for "dismantling the closed Pabst Brewery in Newark, N.J., for shipment to China" and plans for the U.S. launch of new products. Page 87.

## CAMPAIGNS BREAKING

*The Sporting News*, St. Louis, this week breaks a $1.5 million tv campaign (AA, Dec. 16) featuring Chicago White Sox pitcher Tom Seaver to support the Times Mirror weekly's baseball coverage. Clark Direct Advertising, New York, is the agency.

*Playboy*, Chicago, on Jan. 31 breaks the first ads in a three-month spot tv test that promotes features in its March issue. Two 30-second ads are interrupted in the middle by an unrelated spot from another advertiser (AA, Jan. 13). Smith Burke & Azzam handles.

## COMING THURSDAY

*Arabian Peninsula oil states are suffering from a loss of oil revenues. But smart marketers still are tapping the resources of the Arab world, a region dependent on imports for many items. Special Report examines some of the importers, native companies and advertising.*

*Cover photo by Arnold Adler*

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# Nestle mixes it up with Teasers

By PATRICIA WINTERS

Nestle Enterprises will enter the $796 million powdered drink-mix category with a new sugar-free tea and fruit juice mix in a bid to wrest market share from General Foods and Borden's Wyler's brand.

Nestea Ice Teasers will be introduced nationally in April, backed by an $8 million introductory campaign from J. Walter Thompson USA, New York. Advertising, which will run through September, includes print, 30-second tv spots and freestanding couponed inserts.

The Ice Teasers line, sweetened with NutraSweet, will include citrus, lemon, orange and tropical flavors. It will be competitively priced with GF's Crystal Light, at

*(Continued on Page 90)*

# Vcrs may dethrone network tv

By JAMES P. FORKAN

NEW YORK—Videocassettes will overtake network tv to become the U.S.' No. 1 entertainment medium, and retail sales of prerecorded vcr titles will hit $20 billion by 1995, according to a new home video study by Wilkofsky Gruen Associates.

Those and other findings in the "Video 1995" report will be presented at a conference for investors by Merrill Lynch.

Vcrs are not "a fad," chairman David Wilkofsky said.

Instead, people are integrating them into their lives "exactly as an earlier generation did with broadcast tv programming."

Among the other highlights

*(Continued on Page 88)*

## West Coast news

# Weider load added to Bozell

**Weider Health & Fitness**, Woodland Hills, Cal., marketer of exercise equipment, nutritional supplements and fitness magazines, assigned its estimated $3 million account to Bozell, Jacobs, Kenyon & Eckhardt, Los Angeles. Bozell is the first agency to handle the company built by muscleman Joe Weider, whose fitness products are now marketed in mass outlets, such as J.C. Penney Co. and Sears, Roebuck & Co. Wunderman West, Los Angeles, continues to handle

*(Continued on Page 92)*

**ADWATCH**

# Search for Herb weathers McD.L.T. blitz

By JULIE FRANZ

Burger King has found Herb just as consumers have begun to find—and remember—the campaign.

Network tv spots announcing the search for Herb, the hapless fellow who never has tried the chain's Whopper, broke Nov. 24, via J. Walter Thompson USA, New York. Unfortunately for BK, the chain began looking for Herb at the same time rival McDonald's was blitzing the airwaves with spots for its new McD.L.T. sandwich. As a result, McDonald's ad-awareness level in November increased 5.7 percentage points; BK's was down 4.4 points.

Results of the December survey show a major change, however. Last month, Burger King garnered 14.9% of first mentions, up 4.8 percentage points from November. That score strengthened its No. 2 position behind McDonald's, whose score skidded 8.1 percentage points to 40.9% despite having thrown everything, including The Refrigerator (William Perry), into its ad assault (via Leo Burnett USA, Chicago).

Those scores reverse the streak both chains had going: McDonald's 48.9% share of first mentions in November was its high-water mark for the year; Burger King's 10.1% share in November had been its low.

AdWatch is a joint project of Advertising Age and SRI Research Center, Lincoln, Neb. Ad awareness is measured by asking a nationally projectable sample of consumers to name ads in a variety of product categories that first come to mind from all seen, heard or read in the previous 30 days.

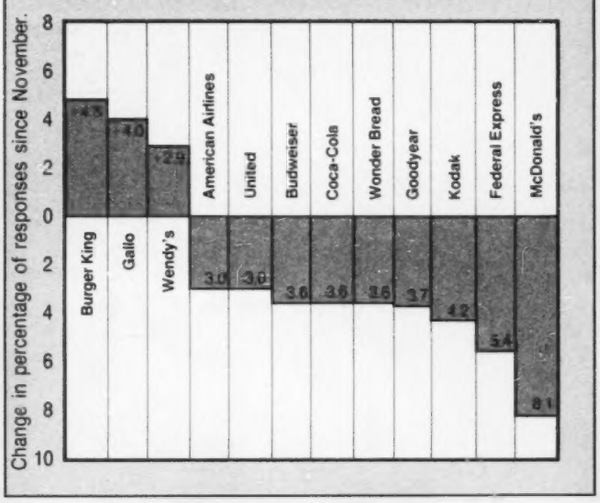
Rounding out the fast-food category at No. 3 is Wendy's with 12.4% of first mentions, up 2.9 percentage points from November. On Nov. 25, Wendy's broke a new spot directed by Joe Sedelmaier spoofing a Soviet fashion show where the same outfit is accessorized for different occasions (AA, Nov. 18). This is the first spot in the "Choose fresh. Choose Wendy's" campaign, via Dancer Fitzgerald Sample, New York, that has caused any significant increase in Wendy's ad-awareness score.

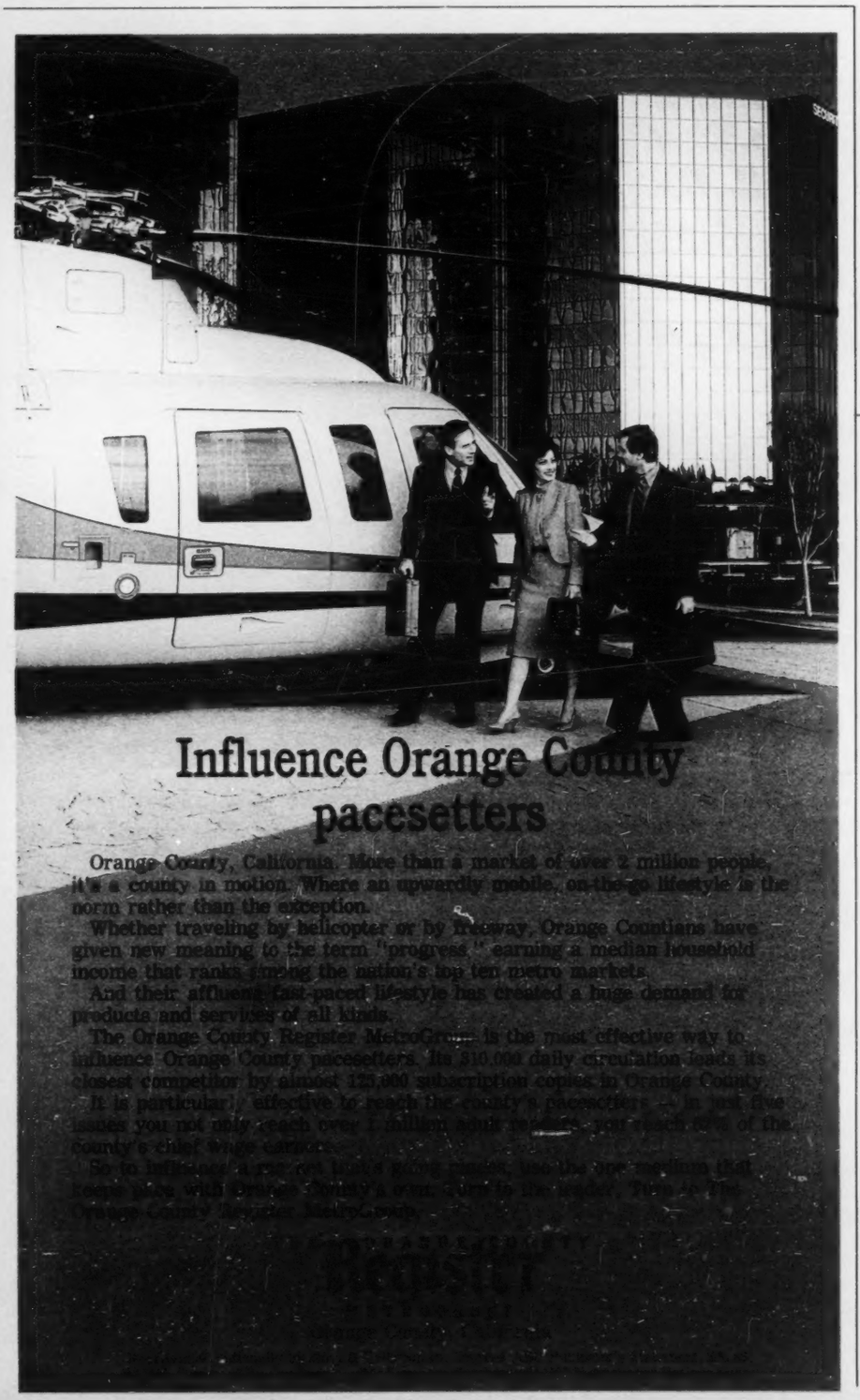
Fast-food outlets also dominated adWatch's top 10 in over-all, unaided awareness (without asking for a specific product category). In December the best-recalled advertising was, in descending order, McDonald's, Wendy's, Burger King, Coca-Cola, Miller/Miller Lite, Budweiser/Bud Light, Pepsi, Ford, Bartles & Jaymes (Gallo) and

(Continued on Page 87)

## December winners & losers

**Question:** Of all the advertising for (product category) you have seen, heard or read in the past 30 days, which ad first comes to mind? Note: A change of plus or minus 2.8 percentage points is statistically significant. *Source: SRI Research Center Inc., Lincoln, Neb.*





Influence Orange County pacesetters
Orange County, California. More than a market of over 2 million people, it's a county in motion. Where an upwardly mobile, on-the-go lifestyle is the norm rather than the exception.
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And their affluent, fast-paced lifestyle has created a huge demand for products and services of all kinds.
The Orange County Register MetroGroup is the most effective way to influence Orange County pacesetters. Its 810,000 daily circulation leads its closest competitor by almost 125,000 subscription copies in Orange County.
It is particularly effective to reach the county's pacesetters — in just five issues you not only reach over 1 million adult readers, you reach 90% of the county's chief wage earners.
So to influence a group of people whose purchases like the pace of things that keep pace with Orange County's own, turn to the leader. The Orange County Register MetroGroup.

WHO PUT THE OH'S IN QUAKER OATS?

**The same techniques** that helped develop new Quaker Oh's, put Baking Soda in more than thirty million refrigerators, developed new Alka Mints for Alka Seltzer and new Light & Natural Wesson Oil...can work for you.

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- Whether you want us to work with your agency or without, here or abroad;

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# Nike pushes upscale women's wear

By BRIAN LOWRY

Nike is bounding into women's apparel with an extensive line of sports and leisure wear as it continues to exploit markets that stretch beyond its running-shoe roots.

The Beaverton, Ore.-based company's expansion into women's wear is inspired by the growing numbers of women exercising and playing sports. The upscale product line includes tennis dresses and tops, muscle tights, unitards, jacket-pants combos and running shorts, as well as leisure wear such as oversize fleece t-shirts.

Prices range from $14 for shorts to $190 for a tennis warmup jacket. All the clothing carries the Nike label, though only the t-shirts will bear the familiar Swoosh logo.

Nike is taking on both mainstream women's apparel marketers and sporting attire marketers. International Playtex's Danskin division, New York, is the category leader, challenged by Capezio Shoes, a division of athletic marketing giant United States Shoes Corp., Cincinnati. Grey Advertising handles Danskin. U.S. Shoes recently moved its advertising in-house, breaking with Leber Katz Partners, New York.

The Tennis Wear & Fitness Wear products continue Nike's diversification, undertaken after a shift in consumer preference led to excess inventory and two losing quarters in 1984.

Nike has rebounded to show gradually improving profits during the last two quarters and appears to be building momentum.

Nike achieved the turnaround in part by fine-tuning its products, slashing ad budgets and introducing specialty lines supported through corresponding magazines.

In the past, that meant targeting a specific sport; here it means a sizable schedule in women's magazines, including February-through-April appearances in *Elle*, *Glamour* and *Vogue*. Ads also will run in spring issues of tennis publications.

Characteristically devoid of copy, the ads "try to romanticize sports" to women, said Mike Wilskey, Nike's assistant ad manager. Chiat/Day, Los Angeles, handles.

The agency's creative team included Lee Clow, exec vp-creative director; Rick Boyko, art director; Bill Hamilton, copywriter, and Dave Luhr, account supervisor.

The emphasis on women's apparel will greatly reduce Nike's advertising for McEnroe, the John McEnroe-endorsed line of men's tennis shoes and attire, Mr. Wilskey said. McEnroe had domestic sales of $3.5 million in the last fiscal year, getting heavy outdoor ad support last spring from C/D.

**Nike Inc.** is trying to romanticize sports to women in a series of magazine ads by Chiat/Day, Los Angeles, for its Fitness Wear line.

Another specialty line recently suffered a major setback. Due to a cool reception by the trade, Nike canceled shoes from Stickball, a new line of baseball clothes and accessories featuring New York Mets pitcher Dwight Gooden and Atlanta Braves outfielder Dale Murphy (AA, Sept. 23).

Nike hoped the baseball-style shoes would catch on as casual wear and promised a major ad push but apparently struck out with sporting goods buyers.

Although Stickball apparel will still make an April debut, advertising has been put on hold, as has a decision as to which Nike agency—C/D or Wieden & Kennedy, Portland, Ore.—will handle it.

BMW

Maker's Mark is not the kind of product one buys for the purpose of impressing others.

There's so little of it around, you'd never know whether the person you wanted to impress had heard of it or not.

And to make matters worse, bourbon isn't exactly enjoying a run of popularity right now.

James Bacon, the Los Angeles Herald Examiner columnist and Hollywood's official "Scribe to the Stars," may have summed the situation up best.

"I'm not a bourbon drinker ordinarily," he wrote in his column, "but Maker's Mark is the best I've ever drunk by far. It is one of those rare bourbons that only connoisseurs know about."

So, you might say, buying a bottle of Maker's Mark is not unlike buying a BMW . . .

ten years ago.

After all, it's easy to buy something after it becomes popular.

What's really impressive is to have it before everyone else finds out about it.

Bill Samuels, Jr.
President
Maker's Mark Distillery

Maker's Mark

BMW is a trademark of BMW of North America, Inc. Apple is a trademark of Apple Computers, Inc. Polo is a trademark of Ralph Lauren, Inc. Jordache is a trademark of Jordache Enterprises, Inc. Nike is a trademark of Nike, Inc. Maker's Mark Distillery, Loretto, KY 40037, Ninety Proof, Fully Matured.

## CORRECTIONS & CLARIFICATIONS

- The agency for Nabisco's Shredded Wheat was incorrectly reported in a new-products listing (AA, Jan. 13, P. 65.) The correct agency is Doyle Dane Bernbach/New York.
- Incorrect figures were reported in the consumer magazine ad linage chart for the *Pittsburgh Business Times-Journal* and *Ladies' Home Journal* (AA, Jan. 20, P. 55). Updated figures should read: *Pittsburgh Business Times-Journal*, Dec. 1985-111.4; Dec. 1984-96.4; Year-to-date 1985-973.5; Year-to-date 1984-664.3. *Ladies' Home Journal*, Jan. 1986-85.4; Jan. 1985-75.0.
- NutraSweet, a product of the Skokie, Ill.-based NutraSweet Co. unit of Monsanto Co., is a nutritive sweetener, rather than a non-nutritive product (AA, Jan. 20, P. 27). The company's November-December print campaign was produced to "educate the public," and not to combat any bad press it may have received last summer, the company said.
- Consumer advertising for Fort Collins, Colo.-based Vipont Laboratories' Viadent toothpaste is handled by McCaffery & Ratner, New York, not PRB/Needham Porter Novelli, Chicago (AA. Jan. 20, P. 36). PRB/Needham Porter Novelli handles Viadent public relations.
- The forecast of $6 billion in automotive media spending in 1986 was an Advertising Age estimate and should not have been attributed to Chrysler Motors chairman Gerald Greenwald (AA, Jan. 20, P. 69).

# Liquor sales drop, but not much

By JOHN C. MAXWELL JR.

The liquor industry was down nearly 2% in 1985, which was certainly a little bit better than anticipated. Much of this good showing, however, related to the retail inventory buildup in late summer in anticipation of the $2-per-gallon increase in the excess tax effective Oct. 1.

Retailers had been successful short-term in merchandising the tax increase as a savings to the consumer. Thus, the tax had a positive short-term effect by forcing inventory in.

The premium brands seem to be the least affected by the increase as the federal excise tax amounted to a 3%-to-5% increase on their base price. At the low end, however, the increase was more like 8% to 16%.

While we have no way of knowing whether Congress will hit the liquor industry with another "sin" tax in 1986 or beyond, further increases would accelerate the industry's decline. Whatever the 1985 drop turns out to be, we continue to believe the industry as a whole will be in a long-term decline phase, though certain niches will do extremely well.

For instance, the story of the year certainly is National Distiller's DeKuyper's Peachtree schnapps, which is estimated to sell 1.5 million cases in '85, making it the 24th-best-selling product in the U.S. It should be noted that it was introduced in October, 1984. We cannot remember a product that hit 1.5 million cases in one year. National Distiller's Original Apple Barrel, which was introduced in 1983, sold a little less than 400,000 cases in 1984 and about 450,000 cases are estimated for 1985.

Fruit-flavor schnapps seems to be the new drink trend. As such, new drinks with names like Fuzzy Navel (a combination of orange juice and Peachtree schnapps) have become the new "in" drinks. In addition, people drink it over ice or chill it or mix it with grapefruit juice. As a result of this success, the DeKuyper's brand is now No. 1 in the cordial line, and we would expect more products to follow.

National Distiller's now has more than 70% of the total schnapps market, with Peachtree alone having more than 50%. Other companies have followed suit, with Heublein introducing 12 new flavored schnapps in 1985, including peach, raspberry, blue grass and mint julep. Glenmore Distilleries' Mr. Boston unit and Hiram Walker also have entries.

The other new product in the industry is Jim Beam ZZZingers, a line of bourbon and soda in a can. This group of products is estimated to sell close to 600,000 cases in 1985. Again, this was barely in the market in 1984. Kobrand is in test markets with a Beefeater and Tonic in 200ml size. This is a premium product and the tonic is specially developed by James Burrough. This product currently is not available on the commercial market.

As far as future product trends, we may see some new products that would be categorized as "digestives" similar to those popular after-dinner drinks in Europe. One of these, Fernete Branca, will be imported by Carillon Importers beginning in 1986, and thus far advance orders look quite good. This would be another product in keeping with our trend towards health, fitness and generally feeling better. Yet another new product by Schiefflin, is the first entry in the sparkling liquor market. Called Petite Liqueur, it is a combination of old cognac and reserve wines under the Moet & Chandon label. It is in test in three markets.

It is interesting to note that the total nonwhisky area continues to move up slightly. Thus all the declines are in the whisky area, which has been the case for some time. In the former category, both rum, brandy, tequila and cocktails moved up, with the imported side of gin, rum and brandy showing the good gains. This was particularly evident with products such as Carillon's Absolut vodka, up 61.4%.

In the whisky area, Canadians were relatively flat, but Brown-Forman's Canadian Mist outperformed the category with the only meaningful gain. It continued its upward bent, rising 3.1% (in fourth position) and closing the gap between it and Seagram's 7 Crown. Scotch continued to decline the most in the whisky area.

Of the top 10 brands, the status of the first five remained unchanged, with Bacardi, the No. 1 brand of liquor in the U.S., up 0.5% compared with last year in unit sales. Second-place Heublein Smirnoff rose 0.2%, while No. 3 Seagram's 7 Crown fell 4.8%. American Brands' Jim Beam, No. 5 overall and the No. 1 bourbon, had one of the few over-all gains in the bourbon category, up 1.5%. Heublein's Popov vodka moved into sixth place from No. 9, replacing National Distiller's Windsor Supreme and fast closing in on the No. 5 spot. In fact, almost without exception, all of Heublein's brands showed improved performance, obviously outpacing the industry.#

*Mr. Maxwell is with Furman Selz Mager Dietz & Birney, New York.*

## Top-selling liquor brands

**Brands selling more than one million cases.** *Source: John C. Maxwell Jr., Furman Selz Mager Dietz & Birney, New York.*

| Rank '84 | Rank '85 | Brand | Company | Nine-liter cases (000) 1984 | 1985 | Change |
|---|---|---|---|---|---|---|
| 1 | 1 | Bacardi | Bacardi | 8,469 | 8,509 | +0.5% |
| 2 | 2 | Smirnoff | Heublein (RJR) | 7,658 | 7,665 | +0.2% |
| 3 | 3 | 7 Crown | Seagram | 5,350 | 5,100 | −4.8% |
| 4 | 4 | Canadian Mist | Brown-Forman | 4,194 | 4,326 | +3.1% |
| 5 | 5 | Jim Beam | James Beam (AB) | 4,038 | 4,100 | +1.5% |
| 9 | 6 | Popov | Heublein (RJR) | 3,835 | 4,024 | +4.9% |
| 6 | 7 | Windsor Supreme | National | 3,796 | 3,795 | — |
| 7 | 8 | Jack Daniel's | Brown-Forman | 3,695 | 3,643 | −1.4% |
| 8 | 9 | V.O. | Seagram | 3,600 | 3,620 | +0.6% |
| 10 | 10 | Seagram's Gin | Seagram | 3,250 | 3,250 | — |
| 11 | 11 | Canadian Club | Walker (HWR) | 3,235 | 3,235 | — |
| 12 | 12 | Gordon's Gin | Gordon (TDI) | 2,585 | 2,585 | — |
| 15 | 13 | Dewar's | Schenley (RA) | 2,300 | 2,370 | +3.0% |
| 13 | 14 | Gilbey's Gin | National | 2,473 | 2,350 | −5.0% |
| 16 | 15 | Kamchatka | National | 2,282 | 2,323 | +1.8% |
| 14 | 16 | J&B Rare | Paddingtn (GM) | 2,350 | 2,230 | −5.1% |
| 17 | 17 | Black Velvet | Heublein (RJR) | 2,150 | 2,174 | +1.1% |
| 18 | 18 | Gordon's Vodka | Gordon (TDI) | 2,125 | 2,125 | — |
| 20 | 19 | Gilbey's Vodka | National | 1,853 | 1,945 | +5.0% |
| 21 | 20 | Christian Brothers | Fromm & Sichel | 1,830 | 1,830 | — |
| 19 | 21 | Early Times | Brown-Forman | 1,874 | 1,797 | −4.1% |
| 22 | 22 | Kahlua | Walker (HWR) | 1,700 | 1,750 | +2.9% |
| 23 | 23 | Ancient Age | Ancient Age | 1,690 | 1,690 | — |
| — | 24* | Peachtree Schnapps | National | -- | 1,500 | — |
| 24 | 25 | Johnnie Walker Red | Somerset (D) | 1,480 | 1,450 | −2.0% |
| 26 | 26 | Crown Royal | Seagram | 1,350 | 1,375 | +1.9% |
| 25 | 27 | Cutty Sark | Buckingham (WB) | 1,458 | 1,370 | −6.0% |
| 28 | 28 | Ten High | Walker (HWR) | 1,300 | 1,339 | +3.0% |
| 27 | 29 | Kessler | Seagram | 1,310 | 1,260 | −3.8% |
| 32 | 30 | Tanqueray | Somerset (D) | 1,200 | 1,235 | +2.9% |
| 30 | 31 | Southern Comfort | Brown-Forman | 1,205 | 1,229 | +2.0% |
| 32 | 32 | Lord Calvert | Perennial (S) | 1,200 | 1,200 | — |
| 29 | 33 | Old Grand-Dad | National | 1,215 | 1,190 | −2.1% |
| 33 | 33 | Beefeater | Kobrand | 1,177 | 1,190 | +1.1% |
| 32 | 34 | Calvert Extra | Perennial (S) | 1,200 | 1,150 | −4.2% |
| 35 | 35 | Jose Cuervo | Heublein (RJR) | 1,085 | 1,152 | +6.2% |
| 31 | 36 | Old Crow | National | 1,202 | 1,118 | −8.0% |
| 34 | 37 | Wolfschmidt | Seagram | 1,100 | 1,050 | −4.5% |
| 36 | 38 | Baileys Irish Cream | Paddington (GM) | 1,000 | 1,000 | — |

**Introduced in October, 1984. Key to parent corporations: (AB)-American Brands (D)-Distillers Co. (G)-Glenmore (GM)-Grand Metropolitan (HWR)-Hiram Walker Resources (RA)-Rapid-American (RJR)-R.J. Reynolds (S)-Seagram (WB)-Whitbred*

# BATF rules on 'alcohol-free' ad claims

By PAT WINTERS

It may smell like beer, look like beer and even taste like beer, but the Bureau of Alcohol, Tobacco & Firearms in Washington has ruled if there's less than 0.5% alcohol, then it isn't beer.

That ruling, which also essentially bans the term "alcohol-free" on nonalcoholic beer brands, is forcing marketers to change their labels and has thrown a monkey wrench into at least one company's ad slogan.

The BATF ruling goes into effect on April 1 (AA, Sept. 16 *et seq.*).

Kaliber, a nonalcoholic beer from Ireland imported by Guinness Import Co., Stamford, Conn., successfully has been using the radio and print ad slogan "All the taste of an imported beer—but no alcohol." That slogan now may have to be changed to "All the taste of an imported malt beverage, but nonalcoholic," which the company admits is less than catchy. The company intends to ask BATF to allow use of the term "taste of an imported beer."

"Because it does have the taste of an imported beer," explained a company spokesman, "we're maintaining that we are not calling it [Kaliber] a beer." The Marketing Center, Westport, Conn., is the Kaliber agency.

The BATF ruling is just more bad news in the nonalcoholic beer segment, which, after a year in which thousands of dollars were spent publicizing the dangers of drinking and driving, still is struggling to become known as a viable beverage alternative.

Industry experts estimate the nonalcoholic beer segment totals from 5 million to 8 million cases, compared with the total beer market, which numbers about 2.5 billion cases.

In an effort to inform consumers, the BATF ruling says alcohol-free beverages must contain no alcohol, and beverages with less than 0.5%, which constitute virtually all of the alcohol-free beer brands, must not be labeled as such and can be called only "nonalcoholic." Marketers charge that many products contain traces of alcohol, including white bread, orange juice and lemon-lime soda. Meanwhile, the BATF definition of beer is that it contain more than 0.5% alcohol. Anything less is called a "malt beverage."

"The cost of changing the labels and advertising is insignificant," said one industry source. "What's significant is that we're losing potential sales because I can't say beer. A consumer doesn't want a light-malt beverage, he wants a beer."

But the miniscule market and the latest BATF rule hasn't dampened the interest of beer marketers who are continuing to jump into the no-alcohol fray. Some two dozen no-alcohol brands are said to be on the market, and more are on the way.

Brewers and importers say they are attracted to the no-alcohol beer category because of its current prestige, and its estimated annual growth rate of 25%. They also believe no-alcohol beers, often priced as high as imported beers, are stalking the right trend in a health-concious America. The nonalcoholic and low-calorie beers generally target the active, 25-to-50-year-old age group which might drink the product after a tennis match or during cocktail hour.

"We are looking [in an] educated crystal ball," explained John Bissell, senior vp-special products division, Stroh Brewery, Detroit, which will roll out Barbican, a British import and the brewer's first no-alcohol brand, in March. "The category fits the times and the product tastes good. We should be able to make sales."

Leading the category is Kingsbury, marketed by G. Heileman Brewing Co., LaCrosse, Wis., and Whitestone, N.Y.-based White Rock Products Corp.'s Moussy. Moussy is petitioning BATF on yet another "Catch 22" situation. Mark Cooper, Moussy's marketing director, says his brand has just 0.3% alcohol, but the ruling allows labels only to say "less than 0.5% alcohol."

"Since we have less alcohol than other products in the field, then we should be allowed to say how much we have," said Mr. Cooper. "They're lumping it together as one blanket category, which is not rational or in the interest of the consumer."

Industry insiders attribute the current lack of awareness for nonalcoholic beers to limited advertising. According to the 1984 Leading National Advertisers, Moussy, which basically created awareness of the category, spent $411,000 while Wartek, imported by Omni Industries, Greenwich, Conn., spent $115,000.

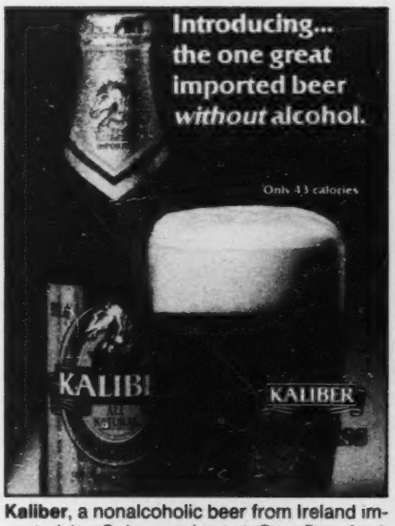
But no-alcohol beer marketers are optimistic that, as larger brewers jump into the market with big ad budgets, the entire category will expand. Stroh expects to roll out Barbican in March, and will support it with national print ads and tv in selected markets via MCA Advertising, New York. Competitors estimate Stroh's introductory ad budget will total about $1.5 million.

Moussy will spend $3 million in 1986 on tv and radio spots in selected markets. Moussy's $3 million ad campaign, which carries the theme of "The drink to choose when you choose not to drink," recently moved to Geer, DuBois, New York, from Venet Advertising. Warteck, which is now in 30 states and will roll out in Chicago and Los Angeles in the spring, will continue radio, print and 10-second tv spots in selected markets via Grey Advertising, New York.

Other imports now rolling out on the market include Poppen and Clausthaler, both from Germany, and Kaliber. Poppen, imported by Poppen Imports, Point Pleasant Beach, N.J., is in limited distribution in the Northeast.

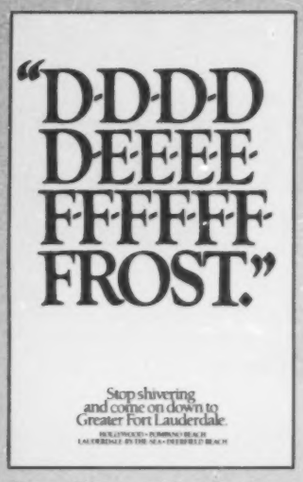
Radio spots, handled in-house, are expected to break in New York before spring.

Clausthaler, imported by All Brand Importers, New York, now is rolling out nationally and intends to launch an ad campaign, via McCann-Erickson, New York, in the spring.#




**Kaliber**, a nonalcoholic beer from Ireland imported by Guinness Import Co., Stamford, Conn., has been using the radio and print ad slogan "All the taste of an imported beer—but no alcohol." That slogan now may have to be changed. The Marketing Center, Westport, Conn., handles.

# BEST OF PRESS

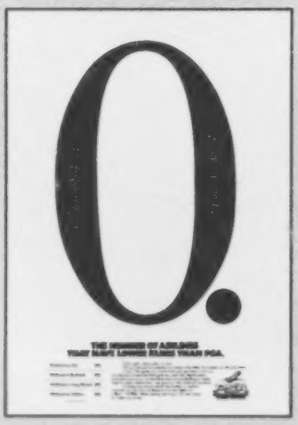



**None of the** usual flashy pictures of bodies in bathing suits here. Instead, clever use of typography allows the headline to say it all in this ad for Broward County Tourist Development Council, via BDA/BBDO, Atlanta. Creative director: Glenn Verrill; art director: Bob Pitt; copywriter: Jim Brytowski.

**We chose this ad** partly because we like Hercules, but also because it's an effective use of localized newspaper advertising to generate excitement over a product. The ad, via VanSant Dugdale Advertising, Baltimore, was run in newspapers near military bases that support the 132nd Aviation Company. Creative directors: Stan Paulau, Drew Babb; art director: Anne Prochazka; copywriter: Bruce Jacobs; illustrator: Robert Dale.

**If you like** Bugs Bunny (and we do), you've gotta love this ad for Sony Corp. of America's SuperBeta Hi-Fi videocassette recorders from Lowe Marschalk, New York. The ad's use of concentrated color, especially within the confines of the tv screen, makes it hard to miss. Creative supervisor and copywriter: Ron Burkhardt; associate creative director and art director: Lyle Metzdorf; photographer, Ric Cohn; illustration: Warner Bros.

**An excellent use** of spot color caught our eyes in this ad for the Red Cross Greater New York Blood Bank via Doyle Dane Bernbach. As it happened, the blood bank ran into a serious shortage of blood smack in the middle of a serious water shortage in the New York metropolitan area. Art director: Neil Raphan. Copywriter: Judy Protas.




**DYR, Los Angeles,** used a particularly effective headline. The goose egg grabbed our attention immediately and quickly ushered DYR's effort into the Best of Press category. Associate creative director: Judy Johnson; art director: John Lee Wong; Copywriter: Ken Fitzgerald.

**Best of Press selections are made by a committee of three: Hank Simons, vp-creative director of the Newspaper Advertising Bureau; James Dunaway, vp-information at the bureau, and William F. Gloede, Advertising Age newspaper industry reporter. National System, St. Louis, provides tear sheets to the Newspaper Advertising Bureau for much of this work. Agencies, clients and newspapers are invited to submit ads, which should be sent to Mr. Gloede in AA's New York bureau.**

**In this ad** for Diet Rite Cola, Dancer Fitzgerald Sample, New York, used color and an unusual way of presenting competitors' products in an unflattering manner to drive home the point that Diet Rite contains no sodium. Creative director: Stan Becker. Art directors: Donna Weinheim, Amy Bronstein. Copywriter: Arthur Bijur. Illustrator: Elwyn Mehlman.

## FLASH REPORT: Newspaper advertising investment for October

| October 1985 | IN 100 THOUSANDS IN MILLIONS | DOLLARS | | CHANGE | |
|---|---|---|---|---|---|
| CATEGORIES | YEAR | 1985 | 1984 | ACTUAL $ G OR L | % G OR L |
| Amusements | 1985 | $24,659,091 | $27,221,027 | -2,561,936 | -9.4 |
| | 1984 | | | | |
| Computer stores & suppliers | 1985 | 4,931,834 | 5,691,336 | -759,502 | -13.3 |
| | 1984 | | | | |
| Department stores | 1985 | 92,116,597 | 78,176,757 | +13,939,840 | +17.8 |
| | 1984 | | | | |
| Food stores | 1985 | 31,036,142 | 24,634,429 | +6,401,713 | +26.0 |
| | 1984 | | | | |
| Radio, tv, phonographs, records | 1985 | 17,690,428 | 14,571,469 | +3,118,959 | +21.4 |
| | 1984 | | | | |
| General merchandise stores | 1985 | 39,947,440 | 36,099,054 | +3,848,386 | +10.7 |
| | 1984 | | | | |
| Alcoholic beverages | 1985 | 2,834,938 | 3,532,069 | -697,131 | -19.7 |
| | 1984 | | | | |
| Cameras, photo supplies & services | 1985 | 597,002 | 379,473 | +217,529 | +57.3 |
| | 1984 | | | | |
| Computers, equipment & services | 1985 | 2,608,596 | 4,493,773 | -1,885,177 | -42.0 |
| | 1984 | | | | |
| Public service utilities & communications | 1985 | 7,282,899 | 6,919,819 | +363,080 | +5.2 |
| | 1984 | | | | |
| Publishing & media | 1985 | 13,488,839 | 13,948,530 | +459,691 | -3.3 |
| | 1984 | | | | |
| Cigarets | 1985 | 8,150,884 | 8,819,728 | -668,044 | -7.6 |
| | 1984 | | | | |
| Airlines | 1985 | 18,926,247 | 13,861,570 | +5,064,677 | +36.5 |
| | 1984 | | | | |
| Passenger cars-new | 1985 | 15,023,119 | 11,933,053 | +3,090,066 | +25.9 |
| | 1984 | | | | |
| Banks & trust companies | 1985 | 9,070,897 | 7,231,021 | +1,839,657 | +25.4 |
| | 1984 | | | | |
| Stock, bond & investment houses | 1985 | 2,465,749 | 1,620,558 | +845,191 | +52.2 |
| | 1984 | | | | |

This Flash Report of newspaper advertiser investments, compiled for Advertising Age by Media Records, is derived from tabulations that cover 29 dailies and 23 Sunday editions in 15 cities: Atlanta, Baltimore, Boston, Cincinnati, Chicago, Cleveland, Dallas, Denver, Detroit, Los Angeles, New York, Philadelphia, San Francisco, Washington and Youngstown.#

Source: Media Records Inc.

# Ad spending jumps 12.2%

New York—Advertiser spending in major-market daily newspapers in 16 categories increased 12.2% in October compared with a year ago, according to the Flash Report prepared for Advertising Age by Media Records.

Total advertiser spending in the measured categories in 29 daily and 23 Sunday newspapers in 15 major markets increased $31.7 million to $290.7 million.

Ten of 16 categories posted increases.

A 17.8% increase in spending by department stores during October led the way, putting October spending above the $92 million mark.

Food stores increased spending 26% to $31 million; general merchandise stores hiked spending 10.7% to $39.9 million, and radio-tv-phonograph and record retailers raised ad spending 21.4% to $17.7 million.

Among other categories posting large dollar gains were airlines, up 36.5% to $18.9 million; new passenger car sellers, up 25.9% to $15 million, and banks and trust companies, up 25.4% to $9 million.

Other gainers included public service utilities and communications, up 5.2% to $7.3 million; stock, bond and investment houses, up 52.2% to $2.5 million, and camera-photo supplies and services dealers, up 57.3% to $597,002.

Among the declining categories were amusements, down 9.4% to $24.6 million; publishing and media, down 3.3% to $13.4 million; cigarets, down 7.6% to $8.1 million; computer stores and suppliers, down 13.3% to $4.9 million; alcoholic beverages, down 19.7% to $2.8 million, and computers, equipment and services, down 42% to $2.6 million.#

# Telemarketing rings in new business era

## OVERVIEW

Even a forward-thinking individual like Alexander Graham Bell couldn't have imagined the enormous impact his invention would have on the way people do business.

Telemarketing—the art and science of marketing goods and services through telephone contact—like a good wine, required aging.

Ford Motor Co., Dearborn, Mich., conducted the first major telemarketing campaign in 1962 to find out when 20 million households were planning to buy a new car. The program was created by Murray Roman, founder of the telemarketing industry.

Twenty-five years later, telemarketing has matured into a vital marketing tool.

### Direct marketing methods

| Method | ($ billion) |
|---|---|
| Telemarketing | $65 |
| Catalogs | $37 |
| Direct mail | $19 |
| Media marketing (print & electronics) | $19 |
| Total | $140 |

Source: Ernan Roman Direct Marketing

A breakdown of direct-marketing purchases by Michael Allen Co., Rowayton, Conn., places telemarketing at the top of the list. The strategic marketing company estimates telemarketing generated $65 billion in sales in 1983.

Telemarketing represents 46% of direct-marketing purchases, although initial consumer contact is made primarily through catalogs, mail or other media.

Part of telemarketing's growth can be attributed to the changing economics of direct response marketing. The average U.S. sales call now costs more than $250, and 5.5 contacts are needed to close the sale. A professional telephone communicator can make three to seven business contacts an hour at a cost of $7 to $15 per contact.

In the consumer market, professional outbound telephone marketers average seven to 12 consumer contacts per hour at $2.50 to $4 for each completion.

Although telemarketing programs have shown a profit without a coordinated direct mail or media advertising campaign, the programs almost always were directed at the company's existing customers. The individuals already had been influenced by the company's combined marketing efforts.

Often, telemarketing has been viewed as an add-on to a larger marketing strategy, brought in at the last minute in an attempt to salvage a failing campaign. This tactic is changing, however. Telemarketing is becoming an integral part of strategic marketing from a plan's inception.

For optimal results, management should incorporate the broadest range of media available, testing combinations until the most successful strategy becomes clear. Successfully integrating telemarketing with other marketing media requires attention to a number of issues, some entirely distinctive to telemarketing.

Other issues are familiar to the experienced marketer, but they take on new complexities and risks when considered in light of the expense, immediacy, personal nature, reach and power of telemarketing. And juggling four or five different media in a coordinated effort requires a talented manager. It takes energy to create synergy, but it pays.#

*The story on this page was written by Ernan Roman, president of Ernan Roman Direct Marketing, New York.*

## Introduction

Basics is a monthly section designed to provide "how-to" information on topics related to the advertising and marketing businesses.

This section will be written by staffers and experts in the field who will present information in layman's terms. Topics will include business travel, sales meetings, tv and radio production, computers and personnel training. Overviews and case studies will be supplemented with fact sheets and resource lists to help in obtaining further information.

## Contents


- **Overview** defines telemarketing and presents its business applications.
- **Case Study** looks at how Citicorp developed an integrated media campaign for its Home Equity second-mortgage loan.
- **Mechanics** outlines inbound and outbound phone operations and presents cost-cutting telephone alternatives.
- **Staff** explains how to train a telemarketing staff and includes a story on salaries.


## Glossary

**Inbound center**—A telemarketing facility, usually equipped with an 800 toll-free number, used to receive telephone calls. The same facility often is used for several purposes.

**On/Off Network**—Not all specialized common carriers provide service to all locations. "On network" calls are those placed to locations the carrier serves. "Off network" calls are those that must be shunted to another carrier. With most services, on network calls are cheaper.

**Outbound center**—A telemarketing facility used to make telephone sales calls to prospective clients.

**Resale carrier**—A company that purchases large blocks of telephone service from a specialized common carrier and then resells it in smaller pieces to individual users.

**Specialized common carrier**—A provider of long-distance telephone service such as AT&T, MCI Communications Corp. or GTE Sprint Communications.

## RESOURCES

This list of specialized telemarketing agencies was compiled from various sources by Advertising Age. Corrections and additions should be brought to the editors' attention for inclusion in subsequent telemarketing coverage.

Americall Corp.
1327 Butterfield Rd.
Downers Grove, Ill. 60615

American Airlines Telemarketing Services
P.O. Box 619616
Dallas 75261

American Tele-Response Group
401 Pilgrim Ln.
Drexel Hill, Pa. 19026

American Transtech
6000 Baymeadows Way
Jacksonville, Fla. 32216

AmRes
1280 West Peachtree St.
Atlanta 30367

Answer America
106-38 Queens Blvd.
Forest Hills, N.Y. 11375

APAC Telephone Marketing Services
3856 W. Oakton
Skokie, Ill. 60076

Astro Marketing
8446 N. 103rd St.
Omaha, Neb. 68134

Automated Phone Exchange
4931 S. 900th E.
Salt Lake City, Utah 84117

Avis Telemarketing
380 Fifth Ave.
New York 10118

Edward L. Banker & Associates
450 Anthony Trail
Northbrook, Ill. 60062

Gordon S. Black Corp.
1661 Penfield Rd.
Rochester, N.Y. 14624

Edward Blank Associates
71 W. 23rd St.
New York 10010

Britcom
2200 South Main St.
Lombard, Ill. 60148

Budget Marketing
P.O. Box 1806
Des Moines, Ia. 50306

Campaign Communications Institute/CCI Telemarketing
555 W. 57th St.
New York 10019

Com Mark International
236 Rt. 9 S.
Howell, N.J. 07731

Concord Group
4256 N. Arlington Heights Rd.
Arlington Heights, Ill. 60004

Contact Marketing
120 Brighton Rd.
Clifton, N.J. 07012

Custom Tel
10301 Wayzata Blvd.
Minneapolis 55426

Dial-A-Product
1666 New York Ave.
Huntington Station, N.Y. 11746

Dial America Marketing
125 Gelway Place
Teaneck, N.J. 07666

Dialogue Marketing
1909 E. Cornell
Peoria, Ill. 61614

Dial Services
4517 Minnetonka Blvd.
Minneapolis 55416

Directel
229 Huber Village Blvd.
Westerville, O. 43081

Direct Response Corp.
601 Skokie Blvd.
Northbrook, Ill. 60062

Stephen Dunn & Associates
1422 Washington Blvd.
Venice, Cal. 90291

Execucall
5280 Winton Rd.
Cincinnati, O. 45231

(Continued on Page 52)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- Service dispatching day or night. • Customer service.
- Increase your advertising response rate by inviting your customer to place an immediate order.
- Measure your advertising effectiveness.

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751 Roosevelt Rd.
Glen Ellyn, IL 60137

INTERNATIONAL

# In-script tv ads get Brazilian boost

By JULIA MICHAELS

SAO PAULO—It's a common practice here for brand-name products to pop up within the context of a tv show's story line, but a Brazilian undergarment marketer has taken that scenario a step further.

Valerin Industrias Textil, Brazil's largest marketer of women's panties, has become the talk of the town because an outdoor board advertising its Hope panties has become part of the story line in a popular prime time soap opera.

In the U.S., a combination of network tv policies and federal laws effectively prevents such practices in commercial tv.

But not in Brazil. The program, "Roque Santeiro," is the alltime most popular soap opera or *telenovela*, with daily audiences often as big as 80% of tv households.

The setting for the show is the fictional town of Asa Branca, a microcosm of Brazil, in which the lives of the country's liberals, conservatives, rich, poor, blacks, whites, young and old are portrayed in allegorical form.

The campaign, created by Agnelo Pacheco Criacão & Propaganda, was launched on the tv show with an outdoor board for Hope panties appearing in the main square of Asa Branca.

**Outdoor boards** for Hope panties appeared during episodes of Brazil's prime time soap opera "Roque Santeiro" after being written into the show's story line. The copy reads "The panty that turns men's heads. Hope panties."

The board shows a woman wearing the panties, with the copy "The panty that turns men's heads. Hope panties."

Over a period of nine weekly episodes, the board developed a story of its own within the context of the program.

It started when one of the characters, a heavy drinker, became convinced that the woman in the ad was swiveling her hips at him. In one scene, he even climbed up on the board to see what the trick was, muttering, "One of those Japanese computers."

In following episodes, the upright ladies of the town were scandalized by the board and held a protest to get rid of it.

In another show, a rich rancher complained that Hope panties are so popular in Asa Branca that he couldn't find a pair to buy. That set off viewer speculation over which of his girlfriends he was buying them for.

Retailers were sold beforehand on the idea with an eight-page brochure explaining how the ads would appear on the show.

A month after the campaign was launched on tv, real outdoor boards appeared throughout Brazil. They were so popular that a hotel asked for a panty board to decorate its New Year's Eve ball, which had "Roque Santeiro" as its theme.

Agency president Agnelo Pacheco said the campaign built slowly. In the first episode, the outdoor board appeared for only three seconds. A survey revealed that of 100 people who saw the board during the show only about 22 remembered the brand name. But after the third episode, more than 90 recalled the board.

"This is how [in-script] advertising can come into the story without violating the author, the story and especially the viewer," Mr. Pacheco said, adding that most in-script advertisements are no more than badly camouflaged commercials that insult the viewer's intelligence.

The campaign was launched in October, when the company sold 180,000 dozen panties. By November, a new sales record of 220,000 dozen had been reached.

# Baseball looks to Japan

By JOHN WOLFE

Major League Baseball has hired Dentsu, Japan's largest advertising agency, to snare Japanese corporate sponsors for American baseball teams.

"We're trying to bring some marketing strength to those clubs that have not had the benefit of major corporate support," said Joel Rubenstein, exec vp-corporate marketing for MLB, which is composed of all 26 professional baseball teams in North America.

Mr. Rubenstein said the teams include the Cleveland Indians, the Seattle Mariners, the Pittsburgh Pirates, the Texas Rangers, the Milwaukee Brewers and others.

"These are important markets, but they don't get the same attention as Chicago, New York or Los Angeles," he said.

Other sources said potential sponsors include marketers of camera film, watches and audio-visual equipment, and that Fuji Film is one of the first to be considering a sponsorship.

Mr. Rubenstein said any corporate sponsors Dentsu can secure will have a variety of sponsorship plans from which to choose, but any deal would have to include all 26 major league teams.

"We want them to make an equal commitment to all 26 clubs," he said. "They can't come in and just do an All-Star game promotion or a World Series promotion."

Under the plan, a corporate sponsor would have to invest a minimum of $5 million. Of that, $2 million would go for the sponsorship of club-related events designed to generate attendance, such as special promotional days or nights at the 26 ballparks.

Another $2 million would be spent on advertising, in which the sponsor can advertise and promote its association with the teams in print and tv commercials, as well as in ads in the teams' programs and yearbooks.

The sponsor also would have to pay an annual $1 million "rights fee" to MLB, Mr. Rubenstein said.

Dentsu also is negotiating with Japanese tv stations for the possible telecast of certain MLB games or related film properties as well as arranging for the licensing of team-related products like jackets and caps, Mr. Rubenstein said.

## World News Roundup

(Continued from Page 3)

has pulled out of the Chilean market but hopes to reenter the country by next September.

**MADRID—Danone** moved the $6.5 million creative portion of its yogurt account to R.C.P. from Reclamo.

**PARIS—Hasbro** switched its $3.5 million Playskool account to Boulet Dru Dupuy Petit from Feldman Calleux et Associes.

**MANILA—San Miguel Corp.** moved its $2.5 million Pale Pilsen beer account to McCann-Erickson from Philippine Ad Counselors.

**AMSTERDAM—GABA**, the Swiss consumer products marketer, moved its $2 million account to Saatchi & Saatchi Compton from TBWA.

**LONDON—Canon** has decided not to renew its three-year, $4.5 million sponsorship contract with Britain's soccer league.

**TURIN—Fiat** shifted its $3 million Panda car account to local agency CGSS. Benton & Bowles was the last agency to handle the account.

**TOKYO—Matsushita Electric Industry** plans to introduce a 3-in. color tv that doubles as a video camera monitor in April in Japan and in May in the U.S. No agency has been announced.

# Big shops feasting on midsize agencies

By VALERIE MACKIE

U.S. multinational ad agencies are gobbling up medium-size shops at such a fast pace around the world that industry experts question whether such agencies are headed for extinction.

Their concerns are prompted by a barrage of acquisitions outside the U.S. by multinational agencies in 1985 *(see chart at right)*. Many of the agencies being acquired are "medium size" in each country, though the billings of each agency vary with the size of that country's ad industry.

"There are a lot of agencies in the middle that are afraid that unless they do something they will disappear—it's the school of paranoia," said John Bernbach, president of New York-based Doyle Dane Bernbach's international division. "They are worried that if they don't happen to be a sexy, young, hot shop, they better link up with a stable multinational."

DDB is negotiating to buy agencies in Brazil, Greece, Italy, Malaysia and Thailand and to start up its own agency in Portugal in March.

"You've either got to be very big, or small and have a special niche in your own country," said Wim Slootweg, a native of Holland and general manager at Ogilvy & Mather, Chicago. "The medium-size agency is dead."

Local agencies, many of which have fought off multinational overtures in the past, admit they are having trouble competing for pan-regional accounts with the major international shops.

Grandfield Rork Collins in London is a typical example of the changes going on among locally owned agencies.

Once a strong, fiercely independent shop, GRC tried to set up an international network, called GRC International, by linking up with medium-size agencies in other countries, such as Ally & Gargano in the U.S. But

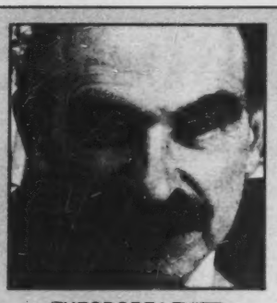
(Continued on Page 59)

## U.S. agencies' international acquisitions

| U.S. agency | Type of agreement | Foreign agency | Country | Billings (millions) |
|---|---|---|---|---|
| N W Ayer | Acquisition | William Wilkens | W. Germany | $62.5 |
| | Acquisition | Berefelt & Delsol Reklambyra | Sweden | $2.0 |
| Ted Bates | Majority | Scholz & Friends | W. Germany | $48.2 |
| Leo Burnett Co. | Acquisition | Larsen Advertising | New Zealand | $2.0 |
| | Majority | Marsden & Hartmann | Switzerland | $14.0 |
| | Minority | AD S.A. | Switzerland | Not available |
| | Acquisiton | Star | Italy | $15.0 |
| | Acquisition | Euro | Greece | $5.0 |
| DDB | Minority | Verba | Italy | Not available |
| FCB | Affiliation | Yaratim | Turkey | Not available |
| Grey Advertising | Acquisition | Grierson Cockman Craig & Druiff | U.K. | $14.0 |
| | Majority | Konsell Partner | W. Germany | $24.0 |
| | Minority | Trace | Spain | Not available |
| Hill, Holliday | Joint venture | Magnus Nankervis & Curl | Australia | $18.6 |
| | Merger | Aspect Advertising | U.K. | $30.0 |
| Ogilvy & Mather | Majority | Schellenberg | W. Germany | $15.0 |
| | Majority | DC-3 | Portugal | $1.0 |
| Saatchi & Saatchi | Minority | R.C.P. | Spain | $7.7 |
| | Acquisition | Grandfield Rork Collins | U.K. | $98.0 |
| | Cooperative | Asahi Advertising | Japan | $163.0 |
| Scali, McCabe | Majority | Cascades | France | $15.0 |
| TBWA | Acquisition | Voelker & Vorwerk | W. Germany | Not available |
| | Acquisition | Valero y Asociados | Spain | Not available |
| JWT | Acquisition | GDD | Spain | $12.3 |
| Wells Rich | Minority | Holmes Knight Ritchie | U.K. | $25.2 |

Chart includes major acquisitions in 1985 only.

BLAIR VEDDER



THEODORE LEVITT

# Global marketing: Love it or Levitt?

*From a speech by Blair Vedder, retired chairman-ceo of Needham Harper Worldwide's international division, on Jan. 17 to the mid-America chapter of the International Advertising Assn.:*

"If. . .there has been some lessening of the marketing and ad communities' enthusiasm for. . .international opportunities, the cause must include something more than. . .economics and politics.

"One of those additional causes could be the actions of one rather obscure man about three years ago, incredible as that may sound.

"The man was Dr. Theodore Levitt, and the action was his publication of a controversial thesis on global brands. There is no question that Dr. Levitt's intentions were above reproach, but I now wish he had stayed in bed and never written his paper.

"Instead of clarifying issues, Dr. Levitt's views have intensified doubts about international marketing, which were already fed by concerns over the strong dollar, political upheaval. . .tariffs and other impediments to constructive international market thinking.

"I happen to believe that Dr. Levitt's predictions about global brands were right. But I am afraid he was wrong in offering them up as he did. I think he was wrong for three reasons:

- "First, he presented his forecast not as a probability but almost as a commandment engraved in stone. If you want to invite contrariness in people, that's probably the best way to do it. . .
- "Second, the evidence Dr. Levitt used to support his idea of global brands as the wave of the future simply did not fit with most international marketers' experience with consumer behavior as that behavior exists today in much of the Western world. If you want to convince a significant number of people about the shape of things to come, you must show them a few clear examples of that future shape in their present experience.
- "Third, Dr. Levitt wrote of his envisioned future in a way that implied it would occur tomorrow, not sometime in the next decade or so. When a predicted 'tomorrow' comes and goes and nothing changes, people lose faith that what was predicted will ever occur.

"I now wish that instead of pressing that future on us he had allowed more time for it to evolve, for events to bring the future into sharper focus."#

# Coke and Pepsi in hot U.K. cherry cola battle

By LAUREL WENTZ

LONDON—The cherry cola war has spread to the U.K., where Cherry Pepsi and Cherry Coke are poised to enter a fierce battle for market share.

Both colas were launched throughout the U.K. two weeks ago without test marketing (AA, Jan. 20). The launch of Cherry Coke by Coca-Cola Co., Atlanta, was expected, but the rollout of Cherry Pepsi by PepsiCo, Purchase, N.Y., was a surprise.

Cherry Pepsi entered Canada in November, just two days before test-marketing began there for Cherry Coke (AA, Nov. 11).

Cherry Pepsi has yet to be introduced in the U.S., and the U.K. launch is seen as a coordinated effort by PepsiCo to meet its chief rival head-on in the cherry cola market outside the U.S.

Cherry Coke was believed to be preparing to enter a test market in the U.K. when the national rollout began Jan. 15 without a test.

Robert Wilkinson, Coca-Cola's director for external affairs in Northern Europe, denied that the test-market phase of the launch was dropped because of the imminent arrival of Cherry Pepsi.

"There was no test because the nature of the research for Great Britain was sufficiently encouraging. . .that the company felt it was time to go ahead with the national introduction," Mr. Wilkinson said.

PepsiCo also denied that the U.K. rollout of Cherry Pepsi is due to Cherry Coke's offensive.

"It's unusual, but it represents the company's continuing commitment to build the U.K. market," said John Derkach, PepsiCo's U.K. marketing manager.

PepsiCo has no immediate plans to launch Cherry Pepsi in other European markets, said Peter Kendall, regional vp for Northern Europe.

Cherry Pepsi will get print, tv and cinema advertising, starting in early March, via J. Walter Thompson Co., Mr. Derkach said.

"The budget is still to be determined, but it will be substantial," he said. Other sources said the campaign might carry the same "Grab a taste of the good life" theme as the Canadian ads, also via JWT.

Cherry Coke ads, scheduled to break in early February via McCann-Erickson, will feature the tag line "Cherry Coke turns your world upside down," sources said. The campaign will include tv, cinema and print advertising.#

# Tv station in Peru sells shares

By ANNE ARRARTE

LIMA—For just a $1 share in a fledgling Peruvian tv station, investors will be able to participate in the station's game shows and lotteries after it goes on the air in July.

On top of that, the investors will also receive dividends in three years.

Peruvian entrepreneur Ricardo Belmont—the Jerry Lewis of Peru, when it comes to telethons—has hit on the novel fund-raising tactic for RBC-TV, his latest dreamchild.

Mr. Belmont formerly owned Channel 11 in Peru, but the military government expropriated it in 1968. Since then, the government has returned his broadcasting license, but the $2 million start-up costs are prohibitive for a go-it-alone comeback.

A $270,000 radio and print fund-raising ad campaign via McCann-Erickson emphasizes "the idea of triumph over the odds," Mr. Belmont said.

"Let's be partners. Together, let's make RBC Television," ad copy says. To date, the ads have raised $870,000, coming from 37,000 "partners."

Mr. Belmont's radio spots have capitalized on his fame as a telethon host. Over the last five years, he has turned a small national telethon for Peru's handicapped children into a live 48-hour marathon in which funds are raised for children throughout Latin America.

Mr. Belmont said he will have spent at least $500,000 on advertising by the time RBC-TV goes on the air. He needs to raise $1.6 million by then.

The remaining $400,000 of the station's $2 million start-up costs, plus advertising fees, are being absorbed by a small group of Belmont family members.

"RBC-TV will air in the greater Lima area and will have between 60% and 70% local production—largely game shows, sports events and news," Mr. Belmont said.

Local ad executives believe RBC-TV has a fighting chance.

"Belmont has a well known tv personality and therefore brings a powerful tv talent to his station," said Jorge Penny, an account director at McCann. "He also owns two highly successful radio stations and has lots of broadcast experience."#

# Feast

(Continued from Page 58)

the network soon fell apart when Federal Express Corp., which was supposed to be the network's chief account, went with McCann-Erickson instead and GRC eventually sold out to Saatchi & Saatchi.

In Germany there isn't a single local agency in the top 20 that's not linked to a multinational shop. As a result, multinationals are looking to buy the second-tier agencies. Many of these agencies for years have remained staunchly independent, but the lure of huge sums of money may be changing their outlooks.

"More and more companies are now thinking in European terms, and the expected satellite tv means that an agency of a certain size needs an international network," said Michael Menzel, an original partner of Scholz & Friends, Hamburg. The agency, made up of principals who broke away from Team/BBDO in Germany to gain independence, last year sold 51% of its operation to Ted Bates Worldwide, New York.

"Some of the sellers get into a last-minute panic, thinking they'll never again receive such a good offer," said Willi Schalk, exec vp at BBDO International.

The competition among the multinational agencies, which are seeking to fill the holes in their networks and improve their international rankings, also has elements of panic.

"Everyone is trying to become a global agency by trying to fill in their network," said John O'Toole, ex-chairman of Foote, Cone & Belding, Chicago. "There are going to be only a handful of agencies that are truly global that can handle the global accounts, and everyone is trying to become one. There is a fear that if you don't fill in your holes, you'll be left behind."

In the future there may only be eight agencies that qualify as "global," Mr. O'Toole said, adding, "Clients are saying, 'We want you there,' so we go."

He cited the example of FCB buying the NCK network in Europe and the Siboney network in South America because of pressure from Colgate-Palmolive Co.

Last year, FCB bought a minority share of an agency in the Philippines and has signed a nonequity deal with Yaratim in Istanbul, Turkey.

Another reason for expansion is that existing clients of international agencies have slowed down plans to increase ad spending. This is an indication that future agency growth will have to come from new clients.

"It used to be that half your growth would come from existing clients around the world, and the other half from new clients, but that's not true anymore," said one executive at a top U.S.-based international agency.

More growth must come from new clients, he said, and the fastest way to gain new clients is to buy an agency.

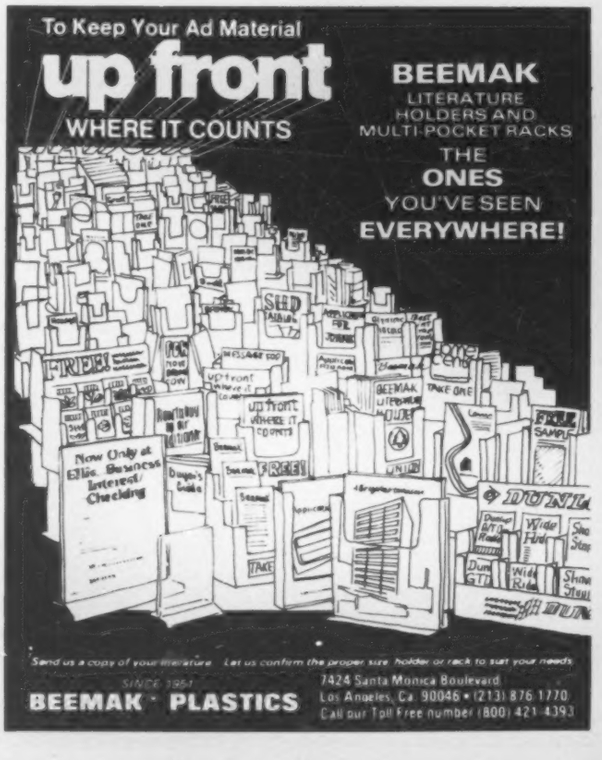
In some places, like Brazil, this can mean buying into as many as four agencies, as J. Walter Thompson Co., New York, plans to do.

But not everyone agrees with the theory that medium-size agencies are dead.

"The middle-size agency is not dead," said TBWA chairman Bill Tragos. "I know that's what everyone says, but I think what we're going to end up with is a department store—small, medium, large and extra-large agencies."

"All this buying of agencies is because everyone is betting the dollar will go down [further]—now the bargains are great," Mr. Tragos said.

If the dollar continues to go down, he said, it will get more expensive to buy agencies overseas. In contrast, the earnings of overseas shops will look more profitable when stronger local currencies are converted to dollars for U.S. reporting purposes.#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# Local business books healthy

By JENNIFER PENDLETON

RANCHO MIRAGE, CAL.—While most national business publications are experiencing ad linage drops in the soft economy of early 1986, regional business newspapers and magazines are showing healthy gains, according to Joe Cappo, newly installed president of the Assn. of Area Business Publications.

J. Cappo

At the AABP's winter meeting here, Mr. Cappo, publisher of *Crain's Chicago Business*, said ad revenues at 90% of AABP's 86 members are up. And, he pointed out, the estimated 200 publications of this kind in the U.S. have a combined circulation that exceeds the *Wall Street Journal's* 2 million.

While startups aren't appearing at the breakneck pace of the early 1980s, the field is still growing at a fast rate—a reflection of the decline of daily newspapers and the public's hunger for specialized information, particularly local financial news, according to Mr. Cappo.

Regional business magazines or newspapers, well established in the top 20 U.S. markets, now are starting up in the smaller, second 20 cities.

Are these markets large enough to sustain these publications? Mr. Cappo said, "It hasn't been proven yet." He declined to predict when the inevitable shakeout among publications will occur.

Don Miller, president of Scripps-Howard Business Journals, publisher of 11 newspapers of the genre, was more specific. The shakeout will happen in two to three years, in both large and small markets, as competition for advertising dollars intensifies, he said. And many of the undercapitalized independents currently in the field will either sell to larger companies or go out of business. He believes the trend toward consolidation will eventually leave only a few major competitors in the field.

During the four-day meeting, some 100 registrants at the meeting heard speakers on a variety of practical topics, such as direct mail and the perils and promise of going public.

Saul Fructhendler, president, Louis & Saul Advertising, Santa Monica, Cal., advised the group to take advantage of negotiated ad rates and barter. He also described area business magazines as "one of the most underadvertised, underpromoted businesses I've encountered."

He urged the members to promote their publications with direct marketing and, in some cases, tv advertising.#

# Pabst owner's ad slams ads

By SCOTT HUME

New wrinkles have appeared in the curious case of Pabst Brewing Co. Paul Kalmanovitz, the reclusive beer baron who bought Milwaukee-based Pabst last year and immediately fired both its national agencies (AA, March 25), has taken out page ads in Milwaukee dailies defending himself and his disdain for advertising.

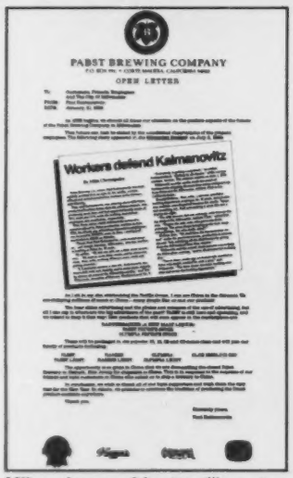
The ad also announces plans for "dismantling the closed Pabst Brewery in Newark, N.J., for shipment to China."

A decade ago, Pabst was the nation's third-largest brewer, with shipments of more than 21 million bbls. a year. Analysts estimate Pabst's output last year to have been slightly more than 9 million (AA, Jan. 20).

In the "open letter" ad to "customers, friends, employes and the city of Milwaukee," Mr. Kalmanovitz suggests attention be focused on the "positive aspects of the Pabst Brewing Co. of Milwaukee."

Also included is a reprint of a July 2 article from the *Milwaukee Sentinel* quoting brewery workers' praise for Mr. Kalmanovitz.

One of the positive aspects he points to is Pabst's intention soon to introduce three new products: Olympia Private Stock, Pabst Private Stock and Randersacker malt liquor. No mention is made of Steinbrau and Steinbrau Light, two brands Pabst officials earlier had confirmed have gone on shelves this month (AA, Jan. 13).


PABST BREWING COMPANY

OPEN LETTER

Workers defend Kalmanovitz

**Milwaukee residents** still are trying to decipher this "open letter" ad from Pabst Brewing owner Paul Kalmanovitz. Asher-Gould, Los Angeles, handles.

After purchasing Pabst, Mr. Kalmanovitz ordered the abrupt firing of national agencies McCann-Erickson, New York, and Young & Rubicam, Chicago.

Asher-Gould, Los Angeles, which handles other brands owned by Mr. Kalmanovitz, has been assigned the Pabst account and created the "open letter" ad.

"You hear about advertising and the pluses and minuses of the use of advertising," Mr. Kalmanovitz says in the ad, "but all I can say is where are the big advertisers of the past? Pabst is still here and operating, and we intend to keep it that way."

At press time, major beer advertisers Anheuser-Busch, St. Louis; Miller Brewing Co., Milwaukee, and Adolph Coors Co., Golden, Colo., also were still operating. But industry analysts and observers long ago stopped trying to figure out Mr. Kalmanovitz.

The announced plan to ship a brewery to China ("This is in response to the requests of our friends and loyal customers in China, who asked us to ship a brewery to China") drew skepticism from those quarters.

"What that probably means is that he's found a buyer for used brewing equipment," said John Collopy, an analyst at Robert Baird & Co., Milwaukee.

Ad copy implies Pabst is still a Milwaukee company, but the ad's letterhead lists Corte Madera, Cal., Mr. Kalmanovitz' home base.#

# adWatch

*(Continued from Page 4)*

Procter & Gamble's Pampers.

Coca-Cola's percentage of first mentions in the soft-drink category fizzled again for the sixth consecutive month, falling in December 3.6 percentage points to 33.6% of first mentions. Coke's share peaked at 53.4% of first mentions in July following the introduction of new Coke and the reintroduction of Coca-Cola Classic.

Pepsi kept the No. 2 position with 28.6% of first mentions. 7UP moved into the No. 3 spot from No. 5 with a 3.2% share, Pepsi's Slice garnered a 1.9% share for fourth position and Diet Coke fell to fifth with 1.5% of first mentions.

In December, 1,000 adults were questioned by telephone. Under adWatch methodology, an increase or decrease of 2.8 percentage points is considered statistically significant and attributable to more than sample variation.

Among other significant changes in the December survey results:

- E. & J. Gallo Winery added 4 percentage points to its share of first mentions in the **wine category**, rising to 10.2% of first mentions, on the strength of its highly stylized spots (AA, Dec. 16). The spots feature copyless, pastoral scenes of people drinking wine, set to music by Vangelis, best known for the "Chariots of Fire" movie score. Hal Riney & Partners, San Francisco, handles.

Despite the gain, Gallo still is No. 2 in the category behind Villa Banfi's Riunite brand, which last month was down slightly to a 12.3% share of first mentions.

Behind Gallo, in the No. 3 spot, are ads for its own Bartles & Jaymes' wine cooler, which received 3% of first mentions. California Cooler placed fourth with a 1.1% share, and Cella wines was fifth with 1.0% of first mentions.

- United Airlines and American Airlines each dropped 3 percentage points in their share of first mentions in the **airline category**. United dropped to 12.1%, still good enough for the No. 1 spot, while American fell to 11.5% of first mentions. While both carriers offered cut rates for holiday fliers, neither used much paid advertising to announce the cuts, due to the publicity their offers generated.

Delta moved up to the No. 3 spot from No. 5 in November with 9.2% of first mentions, bumping TWA into the No. 4 position with an 8.6% share. Eastern dropped into fifth with an 8% share.#

*For additional information or data, contact: Gary Gabelhouse, SRI Research Center, 301 S. 68th St., Lincoln, Neb. 68506. Phone: (402) 489-0351.*

## *Kent Toys is bought out*

TULSA, OKLA.—Composite Enterprises has acquired Kent Toys, Kent, O., best known for its licensed Moodies cartoon characters. Composite will assume the Kent Toys name next month.

# *For the Record*

***U.S. MARINE CORPS***, Washington, last week issued a "solicitation of interest" to determine whether any agencies want to challenge incumbent J. Walter Thompson USA for its $15 million recruiting account. JWT is believed to have a solid grip on the account. The Marines asked agencies to respond by late March.

***THE $3.2 BILLION*** takeover bid that Arthur Guinness & Sons P.L.C. announced last week for Distillers Co. is expected to be referred to an independent, nonbinding agency that makes recommendations to the government on antitrust complaints. Guinness' offer for Distillers, the world's leading marketer of scotch whisky (including Johnnie Walker and Dewar's brands in the U.S.), is the largest takeover bid in U.K. history and would put Guinness among the U.K.'s 10 largest companies.

***JEFFREY MARTIN INC.***, Union, New Jersey, has bought worldwide rights to the Zizanie men's fragrance and skin treatment line from Beecham Cosmetics, Chicago. The estimated $100,000 ad budget moves from Zwiren & Wagner, Chicago, to **Saatchi & Saatchi Compton**, New York, one of Martin's agencies.

***WEIGHTMAN GROUP*** has been formed as an $80 million marketing communications company in Philadelphia. The move follows the acquisition by Weightman Advertising, a $50 million shop, of a controlling interest in Schaefer Advertising, a $25 million agency in Valley Forge, Pa., and its purchase of Roska Direct Marketing, a $4 million shop in North Wales, Pa. All three will operate as Weightman Group subsidiaries, as will Weightman/Schaefer PR, which combines the two agencies' public relations units.

***FOSTER & KLEISER***, Los Angeles, will be sold for $710 million to Gerard Joyce, president of Patrick Media Group, Scranton, N.J., it was announced last week. F&K is the outdoor advertising unit of Metromedia, Secaucus, N.J. Through F&K, Metromedia and a partnership manage more than 40,000 boards.

***WILSON SPORTING GOODS***, River Grove, Ill., on Jan. 19 teed off its first ads from D'Arcy Masius Benton & Bowles, Chicago, during the Bob Hope Chrysler Classic golf tournament. The two tv spots for Ultra golfballs will be followed with ads for other golf and tennis equipment. DMB&B won the account this fall from Leo Burnett USA (AA, Nov. 4).

***AMERICAN AIRLINES***, Dallas, has named Young & Rubicam's **Wunderman, Ricotta & Kline** subsidiary, New York, to handle the direct-marketing assignment for its AAdvantage frequent-flier program. It formerly was handled in-house. The project does not include American's new Senior SAAvers Club, which is being handled by American's primary agency, Bozell, Jacobs, Kenyon & Eckhardt/Southwest.

***A.H. ROBINS CO.'S*** $5 million notification program centering on its Dalkon Shield intrauterine contraceptive (AA, Jan. 6) has so far resulted in 20,000-to-30,000 cards and letters from consumers saying they intend to file injury claims. The court-ordered print and tv ads say notification of claims must be filed with the U.S. bankruptcy court by April 30. Some 6,000 cases and claims alleging injuries are already pending. Richmond, Va.-based Robins' in-house shop, Mil-Mor Advertising, placed the ads.

***NBC-TV*** will win the 1985-86 prime time Nielsen homes ratings crown, predict BBDO and Gardner Advertising's Paul Schulman Co., both New York. BBDO expects NBC to average a seasonlong 17.7 rating to CBS' 17.3 and ABC's 15.8. The agencies see no "dramatic" ratings impact from the schedule fixes so far.

***FORD MOTOR CO.***, Dearborn, Mich., has started a nationwide education campaign focusing on air bags, as a prelude to offering the safety devices as $815 options on Ford Tempo and Mercury Topaz beginning in March. The campaign will include seminars, printed literature and the training of dealer service departments. Ad plans have not yet been determined. J. Walter Thompson USA, Detroit, handles the Ford division and Young & Rubicam has the Lincoln-Mercury unit.

***SCHERING-PLOUGH'S*** Plough USA unit, Memphis, Tenn., this spring will introduce two improved Di-Gel antacid formulas: Advanced Formula Di-Gel tablets with additional calcium and Low-Sodium Di-Gel liquid. Network radio and print ads start in April via the Bloom Agency, Dallas.

***ACCOUNT ACTIVITY:*** **Abert, Newhoff & Burr**, Los Angeles, picked up two accounts when it recently hired **Bill Vogel** in the new post of exec vp-managing partner. The $1.3 million **Tahiti Tourist Board** account and the $1 million **UTA French Airlines** account followed Mr. Vogel from Liebowitz, Olshever, Vogel & Baruch, where he had been a partner...**Pizza Hut**, Wichita, Kan., to **Kobs & Brady**, Chicago, first agency for direct-marketing programs supporting the chain's home-delivery business, now testing in 10 markets.

***WORTH NOTING:*** **Ogilvy Group**, New York, has declared a 3-for-2 split on its common stock, meant to "increase the marketability of the company's common shares and make them more attractive to smaller investors," says chairman-ceo William Phillips...**Northwest Orient Airlines**, St. Paul, Minn., has signed Miami Dolphins coach Don Shula to join former Minnesota Vikings quarterback Fran Tarkenton as spokesmen for its $8 million-to-$10 million business traveler campaign (AA, Jan. 20). Grey Advertising, Minneapolis, handles...**D'Arcy Masius Benton & Bowles**, Bloomfield Hills, Mich., and **Marketing Services Bureau**, Southfield, are developing a tv public service campaign for the National Center for Missing & Exploited Children, Washington...The **average print ad** cost 8% more to produce in 1985 than in '84, according to an annual survey by Trout & Ries, New York...**Chicago Sun-Times** on Jan. 31 will publish the last of its two afternoon "Red Streak" editions, leaving the city without an all-day newspaper. Publisher Robert Page cited economic reasons for the demise of the late-markets and final-markets editions. Some layoffs are expected. The *Chicago Tribune* last year dropped its "Green Streak" final (AA, Aug. 19, *et seq.*)...**Times Mirror Co.'s** *New York Newsday* today starts offering advertisers a New York-only zone...**CBS Magazines**, New York, denies persistent reports that it is selling *Car & Driver*, and perhaps one of its cycle magazines, to Penthouse International's Bob Guccione. "None of our magazines is for sale," says president Peter Diamandis. A Penthouse spokeswoman says that company is "negotiating to acquire a number of magazines."